

US Department of Justice Actively Pursuing Money Launderers

Department of Justice

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Philadelphia Money Launderer Pleads Guilty in Connection with Brooklyn Medicare Fraud Scheme

A Philadelphia resident pleaded guilty today for his role as a money launderer in a \$13 million health care fraud scheme.

Acting Assistant Attorney General Mythili Raman of the Justice Department's Criminal Division; U.S. Attorney Loretta E. Lynch of the Eastern District of New York; George Venizelos, Assistant Director-in-Charge, FBI's New York Field Office; and Special Agent-in-Charge Thomas O'Donnell of the U.S. Department of Health and Human Services' Office of Inspector General (HHS-OIG) made the announcement.

Leonid Zalkind, 36, of Philadelphia, pleaded guilty to one count of conspiracy to commit money laundering before U.S. District Judge Nina Gershon of the Eastern District of New York. At sentencing, scheduled for Dec. 2, 2013, Zalkind faces a maximum penalty of 20 years in prison and a \$500,000 fine.

According to court documents, from 2010 to 2012, Zalkind operated numerous shell companies and bank accounts through which he laundered the proceeds of health care fraud from Brooklyn clinic Cropsey Medical Care PLLC. Zalkind conspired with others to accept checks from Cropsey Medical, which were made payable to various shell companies Zalkind controlled. These checks did not represent payment for any legitimate service at, or by, Cropsey Medical, but rather were written to launder Cropsey Medical's fraudulently obtained health care proceeds. Zalkind admitted at the plea proceeding that he deposited such checks into bank accounts he controlled, intending these transactions to hide and disguise the fact that these funds were proceeds of a crime. He admitted that he knew these funds were proceeds of illegal activity.

The proceeds of checks Zalkind negotiated and cashed were given to the owners and operators of Cropsey Medical and were used to pay illegal cash kickbacks to Cropsey Medical's purported patients. According to court documents, from approximately November 2009 to October 2012, Cropsey Medical submitted more than \$13 million in claims to Medicare and Medicaid, seeking reimbursement for a wide variety of fraudulent medical services and procedures, including physician office visits, physical therapy and diagnostic tests.

Eight individuals await trial, including a doctor, owners and employees of Cropsey Medical clinics and other individuals who paid and received kickbacks to

induce the referral and transportation of patients to the clinic, as well as individuals who laundered funds for Cropsey Medical. Trial has not yet been scheduled.

The case was investigated by the FBI and HHS-OIG, brought as part of the Medicare Fraud Strike Force, and supervised by the Criminal Division's Fraud Section and U.S. Attorney's Office for the Eastern District of New York. The case is being prosecuted by Trial Attorney Sarah M. Hall and Assistant U.S. Attorneys Shannon Jones and Ilene Jaroslaw of the Eastern District of New York.

Since its inception in March 2007, the Medicare Fraud Strike Force, now operating in nine cities across the country, has charged more than 1,500 defendants who have collectively billed the Medicare program for more than \$5 billion. In addition, HHS's Centers for Medicare & Medicaid Services, working in conjunction with HHS-OIG, is taking steps to increase accountability and decrease the presence of fraudulent providers.